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Clients value trustworthiness above all else when choosing an advisor — here's how advisors build that trust

By Rob Burgess
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A recent YouGov survey found that when choosing a financial advisor, trustworthiness is the most important factor for Americans, with 60% of respondents saying it matters most.

The survey of 9,000 American adults between March and June also found that higher-income adults, earning more than 200% of the median, are more likely to say trust is important (68%) compared to those with lower incomes (55%).

Trust is hard won, and easily lost — which makes it such a precious commodity when clients choose an advisor to work with.

'Nobody cares how much you know until they know how much you care'

Ashley Foster, a financial planner with Nxt:Gen Financial Planning in Houston, said that early in his career, he thought if he simply showed off his knowledge, clients would instantly trust him because he was smart.

It didn't quite work out that way.

It wasn't until a mentor of Foster shared an apocryphal quote that his perspective changed.

"Nobody cares how much you know until they know how much you care," goes the saying, often attributed to President Theodore Roosevelt.

Foster said clients in the niche he works with, millennial and Gen Z veterinarians, "need compassion more than they need technical knowledge." (Foster's wife is also a veterinarian.)

"Their career is physically and emotionally demanding," he said. "I build that trust early on by letting them know I understand what they are going through. There is no shame when it comes to their personal finances. My firm is a safe space to discuss their dreams, aspirations and challenges."

Kelly Renner, a financial planner with Life Strategies Financial Partners in Augusta, Georgia, said taking the time to get to know the client and their particular situation is key to building that relationship.

"Being very clear on expectations and doing what I say I am going to do is how I continue to build trust throughout the relationship," she said. "I am clear on

what I expect from the client as well. I educate them and meet them where they are. This is their financial journey and I am honored to be a part of it."

Ashley Folkes, a financial planner with Farther Financial in New York, said being "comfortable, authentic and empathetic" shows clients an advisor's humanity and "that you understand their concerns from a human perspective, not just as a financial advisor analyzing numbers."

'His eyes didn't match his smile'

Tom Balcom, CFP and founder of 1650 Wealth Management in Lauderdale-by-the-Sea, Florida, said trust is part of what he calls the "three-legged stool," along with likability and competence.

"If [any] of those is not present, you should not work with [that] advisor," he said. "My clients ... know that I have 'skin in the game' and I am investing my family's wealth alongside their wealth. There's no doubt in their mind that I am doing what is in their best interest and that addresses any trust concerns and issues."

Ed Snyder, co-founder of Oaktree Financial Advisors in Carmel, Indiana, said putting on a show will fail to convince clients.

"You can't manufacture trust," he said. "It's a gut feeling someone has. It's best to just be yourself. If you're a trustworthy person, clients will sense that. I think if you're trying to do particular things to get clients to trust you it would be disingenuous, and they're going to sense that, too. I'm just myself, and I give the best advice I can and let the chips fall where they may."

Steven Calio, chief executive officer and co-founder of CSG Financial in Dover, Delaware, said being genuinely passionate about his career and serving clients to the best of his ability helps build trust.

"In any service industry I think you'll find the top performers have high empathy," he said. "This is something that can't be faked. A client of mine who had initially interviewed other advisors before hiring me said, 'His eyes didn't match his smile,' about one of the other advisors."

Building trust through transparency

The YouGov survey also found that cost of services, qualifications and expertise, and reputation are crucial, valued by 48% and 46% of Americans, respectively, who are looking for advisors.

Patrick J. Monaghan IV, partner and director of wealth management at Berman McAleer in Timonium, Maryland, said advisors should be careful to never overpromise and be completely transparent about fees, commissions, revenue sharing, conflicts of interest and the role of a fiduciary.

"Honesty is imperative and can take the form of taking responsibility when mistakes happen, ideally proactively when possible," he said. "Anything you can

do to help the client see that you genuinely care about them and their families and that you want it to be a partnership or even a friendship helps with trust. Actions or words that suggest you put money or other self-serving interests ahead of the client erode that trust."

Trust is "the distance between that which is known and that which is unknown," according to Barry D. Flagg, managing director of Triangulum Financial Partners in Tampa, Florida. As such, he analyzes costs and performance requirements in clients' life insurance policies.

"The easiest and fastest way to build trust is to make that distance between known and unknown as small as possible," he said.

Nick Rygiel, owner of Ironclad Financial in Radnor, Pennsylvania, said he offers a trial service period, "enabling prospective clients to experience our full financial planning process and investment advisory approach without commitment."

"By providing investment research and reference information, clients can gain awareness and self-educate based on their interest and motivation, making informed decisions before signing on," he said.

The way that Josh Radman, principal and owner of Presidio Advisors in Denver, has built his fee model is intended to build trust with clients. Instead of charging a percentage of assets under management (AUM), Radman charges a fixed, flat fee agreed upon ahead of time. The way he charges and communicates his fees helps build trust "through complete transparency," he said.

"There are never any surprises and never any conflicts of interest or concerns that I'm pushing them to move or keep more assets under my management," he said. "The simplicity of the fixed fee structure has helped to generate a lot of trust between me and my clients."

Other advisors have found similar success building trust while moving away from the traditional AUM fee model. Tipiwa Walker, founder of Lucre Advisory in Brooklyn, New York, said she has found many prospects value fee-only advisory services.

"They do not want to be 'sold to,' and to them, being fee-only signals freedom from bias," she said.

'No one wants to wonder if they've been forgotten'

For some advisors, trust can be a function of excellent communication. Cindy Sforza, president of Lucidity Wealth Advisors in Brea, California said simply maintaining regular contact is key to a long-lasting relationship.

"Many advisors say what they do, and then they don't follow through on actually doing it," she said. "Simply returning a phone call or email same-day, or first thing in the morning if the request came in late the day before, goes such a long

way for clients to know that their advisor cares about them. Even if you don't have the answer to their question right away, just acknowledging that you see it and that you're working on it is huge for adding to the trust factor. No one wants to wonder if they've been forgotten."

Scott S. Van Den Berg, president of Century Management Financial Advisors in Austin, Texas, said timely returned calls and emails shows an advisor is to working and responsive. Additionally, he said scheduling quarterly phone calls with clients conveys a sense of care. He said he prefers Zoom to simply audio, as it adds a visual component.

"It is important for people to see your eyes and facial expressions during the conversation," he said. Meeting in-person, at least annually, further cements the bond, said Van Den Berg.

"Nothing beats shaking hands and spending a few hours per year in-person," he said.